

Message Text

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71

ACTION EUR-25

INFO OCT-01 ADP-00 IO-13 AF-10 ARA-11 EA-11 NEA-10 RSC-01

OIC-04 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 EB-11

FRB-02 H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10

PA-03 AID-20 CIEP-02 SS-15 STR-08 TAR-02 TRSE-00

USIA-12 PRS-01 OMB-01 RSR-01 /225 W
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R 291708Z JUN 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5438

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

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PASS AGRICULTURE

E.O.11652: N/A

TAGS: ETRD, GATT, US, EEC

SUBJECT: GRAIN STANDSTILL RIGHTS: FIRST SESSION, 1973 NEGOTIATIONS

REF: A. STATE 127526 B. EC BRUSSELS 3467

1. SUMMARY: AMBASSADOR GREENWALD AND MISSION OFFICERS OPENED NEGOTIATIONS WITH HIJZEN AND OTHER EC COMMISSION OFFICIALS UNDER THE LIMITED OFFICIAL USE

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GRAIN STANDSTILL AGREEMENTS. AMBASSADOR GREENWALD

DELIVERED REMARKS ALONG THE LINE OF REFTEL A. HIJZEN RESPONDED THAT THE COMMUNITY RECOGNIZED ITS OBLIGATIONS TO NEGOTIATE AND WAS WILLING TO MEET AGAIN BEFORE AUGUST. HE GAVE FURTHER INDICATIONS OF THE NEGOTIATING LINE THE EC IS LIKELY TO PURSUE, AND AMPLIFIED ON HIS REMARKS REPORTED IN REFTEL B. END SUMMARY.

2. AMBASSADOR GREENWALD (WITH THE ECONOMIC COUNSELOR AND THE AGRICULTURE ATTACHE) OPENED ON JUNE 29 NEGOTIATIONS AT BRUSSELS WITH THE COMMUNITY UNDER THE TERMS OF THE AGREEMENTS OF MARCH 7, 1962 CONCERNING QUALITY WHEAT, CORN AND CERTAIN OTHER AGRICULTURAL PRODUCTS. THE COMMUNITY WAS REPRESENTED BY HIJZEN, LOERKE, AND DE PASCALE OF THE DIRECTORATE GENERAL FOR EXTERNAL RELATIONS AND MARMULLA OF THE DIRECTORATE GENERAL FOR AGRICULTURE.

3. THE AMBASSADOR OPENED THE DISCUSSION WITH COMMENTS ALONG THE FOLLOWING LINES:

4. HE WAS PLEASED TO OPEN FORMALLY THE NEGOTIATIONS WITH THE COMMUNITY. GIVEN THE BRIEF TIME AVAILABLE FOR PREPARATION THE US DID NOT INTEND AT THIS FIRST MEETING TO GO DEEPLY INTO SUBSTANTIVE ASPECTS OF THE NEGOTIATIONS. HOWEVER, HE DID WISH TO EMPHASIZE SEVERAL POINTS AT THE OUTSET. THE MISSION HAD REPORTED TO WASHINGTON (IN REFTEL B) MR. HIJZEN'S REMARKS OF JUNE 27. THE US DID NOT AGREE WITH HIJZEN'S STATEMENT THAT THERE WAS NOTHING OF SUBSTANCE TO NEGOTIATE. THE BASIS ON WHICH THE US AND THE COMMUNITY ARE TO NEGOTIATE IS SPELLED OUT IN THE AGREEMENTS.

5. THE AMBASSADOR IDENTIFIED AND QUOTED PARAGRAPH B OF THE AGREEMENT ON CORN, ETC., AND PARAGRAPHS B-II AND B-IV OF THE AGREEMENT ON QUALITY WHEAT.

6. THE AMBASSADOR ADDED THAT THE DELAY INVOLVED IN OPENING THESE NEGOTIATIONS HAD BEEN BY MUTUAL AGREEMENT AND WAS THE RESULT OF A NUMBER OF FEATURES WHICH JUSTIFIED LIMITED OFFICIAL USE

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THE DELAY. HE DID NOT TRY TO SPELL THESE OUT BUT NOTED FOR EXAMPLE THAT THE US AND THE COMMUNITY HAD EXCHANGED NOTES ON JUNE 30, 1967, SUSPENDING THE 1962 AGREEMENTS FOR THE DURATION OF THE INTERNATIONAL GRAINS ARRANGEMENT WHICH EXPIRED ON JUNE 30, 1971. THAT EXCHANGE PROVIDED THAT THE TWO PARTIES WOULD KEEP OPEN THE OPPORTUNITY FOR NEGOTIATIONS AND CONSULTATIONS AS PROVIDED BY THE AGREEMENTS AND THAT THE RIGHTS OF THE US WERE TO

REMIAN INTACT.

7. THE AMBASSADOR STATED THAT IN SUBSEQUENT MEETINGS WE WOULD PRESENT OUR ANALYSIS BASED ON THE STANDSTILL RIGHTS REMAINING FROM THE 1960-61 ARTICLE XXIV:6 NEGOTIATIONS, WHICH ARE EMBODIED IN THE TWO 1962 AGREEMENTS. HE STATED THAT IN VIEW OF THE HEAVY JULY SCHEDULE WE WOULD LIKE TO HOLD OPEN THE DATE AND PLACE FOR THE NEXT MEETING BUT THAT WE WOULD HOPE TO HAVE A SUBSTANTIVE MEETING BEFORE THE AUGUST RECESS.

8. HIJZEN STATED THAT HE DID NOT HAVE MUCH TO ADD TO HIS REMARKS OF JUNE 27. HE AGREED IN GENERAL WITH THE AMBASSADOR'S ASSESSMENT OF THE HISTORY OF THESE OBLIGATIONS, "WITH ONE SMALL NUANCE." THE COMMISSION AND THE US HAD NEGOTIATED ON ARTICLE XXIV:6 AGREEMENT 12 YEARS AGO WHICH CONSISTED OF TWO ESSENTIAL ELEMENTS: (A) CERTAIN EC COMPENSATORY CONCESSIONS IN THE TARIFF FIELD AND (B) THE STANDSTILL AGREEMENTS ON AGRICULTURAL PRODUCTS. IN HIS VIEW WHAT WE ARE NOW EMBARKING ON WAS NOT A NEGOTIATION OF AN UNSETTLED LEFT-OVER SEGMENT OF AN OLD ARTICLE XXIV:6 NEGOTIATION, BUT A NEGOTIATION AS DEFINED BY THE 1962 AGREEMENTS. STRESSING THAT HE WAS SPEAKING INFORMALLY, MR. HIJZEN SAID THAT IN THIS INSTANCE NEGOTIATIONS SHOULD BE IN THE TERMS OF THE 1962 AGREEMENTS WHICH SPEAK ABOUT THE SITUATION AND EVOLUTION OF TRADE RATHER THAN IN THE ARTICLE XXIV:6/XXVIII CONTEXT. IN THESE CURRENT NEGOTIATIONS MR. HIJZEN THINKS THAT IT IS INSUFFICIENT MERELY TO SAY THAT THE BINDING IS BROKEN WITHOUT PROVING THAT TRADE HAS DEVELOPED UNFAVORABLY. IN HIS MIND THE AGREEMENTS SUPERCEDE THE TERMS OF ARTICLE XXIV:6.

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9. THE AMBASSADOR RESPONDED THAT HE WAS IN NO POSITION TO ARGUE THE LEGAL POINTS AT THIS SESSION BUT HE DID WISH TO MAKE CLEAR ONE POINT. THE PROCEDURES UNDER ARTICLE XXVIII DO NOT DEPEND UPON A DEMONSTRATION OF DAMAGE TO OUR TRADE. OUR LEGAL RIGHTS STEM FROM BINDINGS WHICH HAVE BEEN WITHDRAWN. THE AMBASSADOR ADDED HIS PERSONAL VIEW THAT THE US WOULD PURSUE LATER ITS VIEW OF THE LEGAL RELATIONSHIP OF ARTICLES XXVIII AND XXIV AND THE 1962 AGREEMENTS IN REGARD TO WITHDRAWN BINDINGS AND THE ACTUAL STATUS OF TRADE.

10. MR. HIJZEN SAID THAT THE COMMUNITY IS SERIOUS IN ITS WISH TO NEGOTIATE. HE RESERVED THE COMMUNITY POSITION ON THE QUESTION OF THE RELATIONSHIP OF ARTICLE XXVIII, NOTING

THAT IT DID NOT APPEAR IN HIS JUNE 27 LETTER TO THE
AMBASSADOR. HE ADDED THAT THE COMMUNITY HAS LOOKED AT
THE FIGURES AND BELIEVES THAT THEY WILL PROVE THAT
THERE IS NO NEED FOR FURTHER CONCESSIONS, BUT
ACKNOWLEDGED THAT THIS IS ONE OF THE SUBJECTS WHICH
WILL FORM THE SUBSTANCE OF SUBSEQUENT DISCUSSIONS IN
THESE NEGOTIATIONS.

11. HIJZEN STATED THAT THE COMMUNITY WOULD HAVE DIFFICULTY
IN HOLDING A FURTHER SUBSTANTIVE MEETING BEFORE
AUGUST. HIJZEN HOPED THAT IT WOULD BE POSSIBLE TO HOLD
THE MEETING AT BRUSSELS OR GENEVA. GREENWALD

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